

RESOLUTION NO. 58-2024

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PACIFICA
CONFIRMING THE ANNUAL REPORT OF THE ADVISORY BOARD OF THE HOTEL
BUSINESS IMPROVEMENT DISTRICT AND ASSESSING THE LEVY FOR FISCAL YEAR
2024-2025 AT THE SAME RATES LEVIED IN FISCAL YEAR 2023-24 WITHOUT CHANGE**

WHEREAS, pursuant to California Streets and Highways Code sections 36500 et. seq., the City Council of the City of Pacifica adopted Ordinance No. 714-C.S. in 2004 creating the Pacifica Hotel Business Improvement District (BID) and levying an annual assessment of \$1.00 per room per day of occupancy on the hotels in the City; and

WHEREAS, the Pacifica Hotel Business Improvement District has been operating and levying an annual assessment of \$1.00 per room per day of occupancy on the hotels in the City continuously since 2004, including Fiscal Year 2023-24; and

WHEREAS, pursuant to Streets and Highways Code section 36533, the Pacifica Hotel Business Improvement District Advisory Committee has prepared and filed with the City Clerk an annual report regarding the BID's operations that proposes to continue the program and assessments for Fiscal Year 2024-25 at the same amount as levied for the Fiscal Year 2023-24; and

WHEREAS, on April 22, 2024, the City Council adopted Resolution No. 36-2024, which approved the annual report of the Advisory Board of the Pacifica Hotel Business Improvement District (BID) and gave notice of the Council's intent to levy the proposed Fiscal Year 2024-25 assessment for the BID following a public hearing on June 24, 2024, at 7:00 p.m. held at 2212 Beach Blvd and allowing for public participation and public comment as detailed in the meeting agenda to be published within 72 hours in advance of the meeting date; and

WHEREAS, the City Clerk gave notice of the public hearing by publishing in a newspaper of general circulation at least seven days before the public hearing and by mailing a copy of said public hearing notice and Resolution No. 36-2024 to all affected businesses as required by California Streets and Highways Code section 36534; and

WHEREAS, at the public hearing, the City Council heard and considered all protests against the Fiscal Year 2024-25 levy of assessments for the BID, and the rules and procedures used in receiving and considering protests complied with those set forth in the California Streets and Highways Code sections 36524, 36525, 36534, and 36535; and

WHEREAS, the City Council desires to adopt this Resolution to confirm the Advisory Committee's report as submitted and continue the program and assessments as levied in Fiscal Year 2023-24 at \$1.00 per room per day of occupancy on the hotels in the City without change for Fiscal Year 2024-25;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Pacifica, California, that:

1. Incorporation of Recitals. The foregoing recitals are true and correct and are hereby incorporated in and form a part of this resolution.

2. Approval of Report. The Annual Report of the Pacifica Hotel Business Improvement District Advisory Committee, attached to this Resolution as Exhibit A, that was filed with the City Clerk on April 17, 2024, and approved by the City Council by Resolution No. 36-2024, is hereby confirmed as submitted and approved for Fiscal Year 2024-25.
3. Annual Assessment. The City hereby levies and will collect assessments for Fiscal Year 2024-25 at the same rate of \$1.00 per room per day of occupancy on the hotels in the City of Pacifica as levied in Fiscal Year 2023-24, without change.
4. Effective Date and Certification. The City Clerk is directed to certify the adoption of this Resolution. The Resolution shall take effect immediately upon its adoption by the City Council.

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PASSED AND ADOPTED at a regular meeting of the City Council of the City of Pacifica, California, held on the 24th day of June, 2024, by the following vote:

AYES, Councilmembers: *Beckmeyer, Bier, Bigstjck, Boles, Vaterlaus.*

NOES, Councilmembers: *n/a*

ABSENT, Councilmembers: *n/a*

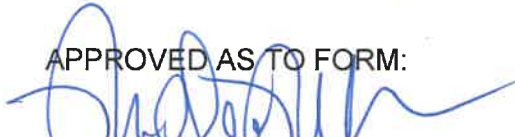
ABSTAIN, Councilmembers: *n/a*


Sue Vaterlaus, Mayor

ATTEST:


Sarah Coffey, City Clerk

APPROVED AS TO FORM:


Michelle Kenyon, City Attorney



CITY OF PACIFICA

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TO: Sarah Coffey, City Clerk
FROM: Yulia Carter, Assistant City Manager
CC: BID Advisory Board
DATE: April 17, 2024

SUBJECT: Pacifica Hotel Business Improvement Annual Report

Pursuant to section 36533 of the Streets and Highways Code, an annual report should be prepared each fiscal year for which assessments are to be levied and collected to pay for the cost of the improvements and activities described in the report. There are no proposed changes to the boundaries of the Pacifica Hotel Business Improvement District (PHBID) this year.

The annual report should include the following information:

1. Any proposed changes in the boundaries of the parking and business improvement area or in any benefit zones within the area.
2. The improvements and activities to be provided for that fiscal year.
3. An estimate of the cost of providing the improvements and the activities for that fiscal year.
4. The method and basis of levying the assessment in sufficient detail to allow each business owner to estimate the amount of the assessment to be levied against his or her business for that fiscal year.
5. The amount of any surplus or deficit revenues to be carried over from a previous fiscal year.
6. The amount of any contributions to be made from sources other than assessments levied pursuant to this part.

The City Council may approve the report as filed by the advisory board or may modify any particular contained in the report and approve it as modified.

FY 2023-24 has been a transitional year for the PHBID, which is reflected in the unusual nature of this annual report. It essentially confirms holding on to the assessment funds pending

upcoming decisions regarding the future of the business improvement district, assessment of funds, subsequent adoption of programs and activities, and allocation of funds.

Last year, the City Council adopted an ordinance to amend Pacifica Municipal Code Section 3-17.03 to remove the provision for allocating funds within thirty days and replace the Pacifica Chamber of Commerce with the City of Pacifica as the BID's managing agency.

At the BID meeting preceding this Council action, the board discussed the BID Governance structure and whether the BID program and assessment should continue. The following three options were considered by the board:

1. Dissolution of the BID.
2. Continuing the assessment but changing the BID governance structure, such as changing the managing agency from the Chamber of Commerce to the City or any non-profit organization.
3. Continue with the existing assessment and governance structure.

After the open discussion, the majority of the BID hotel representatives voted for option two and expressed their desire to:

1. Continue the assessment at the current rate;
2. For the City of Pacifica to assume the role of the Managing Agency for the BID moving forward and
3. For the City to safeguard the assessed funds in a separate fund without spending them until
 - a. The City of Pacifica's ARPA-funded budget for marketing programs and initiatives (including promotions and Workcation campaign) runs out as of the end of FY 2023-24, and
 - b. The BID fully completes the administrative transition from the Chamber of Commerce, the former managing agency, to the City and develops a comprehensive plan to market Pacifica as a destination in early FY 2024-25.

On July 10, 2023, the City Council adopted an ordinance to amend the Pacifica Municipal Code Section 3-17.03 to replace the Pacifica Chamber of Commerce as the Managing Agency of the BID with the City of Pacifica.

Pursuant to the City Council's action and BID direction, City staff created a separate fund to secure and safeguard the BID assessment for the remainder of FY 2023-24.

Staff also held subsequent meetings with the BID board and Chamber of Commerce to complete the evaluation of the BID assets and liabilities and worked diligently through the transition with the Chamber of Commerce, which was completed by December 2023.

In early 2024, staff explored various options for creating a sustainable revenue source to help fund ongoing marketing and promotion efforts for all Pacifica lodging businesses. Knowing that a benefit assessment district approach has been successfully used in other destination areas throughout the state to improve tourism and occupancy rates, staff prepared several options for the BID consideration. Over the last several months, staff have worked with the BID members individually and in small group meetings to discuss the hoteliers' economic development needs, desired marketing programs, activities, and potential funding mechanisms to achieve their goals.

The option that is currently under active consideration of the BID is to convert the current Pacifica Business Improvement District (PHBID) that was formed pursuant to the Parking and Business Improvement Area Law of 1989 (89' Law). The City of Pacifica and Pacifica lodging businesses now seek to modernize the PHBID by forming a new Pacifica Tourism Marketing District (PTMD) pursuant to the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq. (94 Law) and disestablishing the PHBID formed under the 89 Law.

There will be more discussion in the upcoming Council meeting related to legal differences and benefits of this conversion, but this work is being mentioned in this report because the timing of this decision affected the FY 2023-24 plan of programs and activities, and will significantly impact the BID work plan and funding capacity for the upcoming FY 2024-25 fiscal year.

If the new Pacifica Tourism Marketing District (PTMD) is formed under the 94' Law, the BID budget for marketing programs, improvements, and activities is projected to increase, and the board will have to define and approve it.

If the new district is not formed in time, the renewal of the existing PHBID will occur in parallel and be in place by July 1, 2024, pursuant to the legal requirement of the Streets and Highways Code section 36600 et.seq.

In any case, staff plans to hold the BID meeting in early July 2024 to discuss and adopt the district's plan of activities, programs, and budget.

Given the potential transition from a PHBID to a PTMD, the estimated cost to the PHBID of providing the improvements and activities for the next fiscal year, FY 2024-25, is about \$140,000.

There will be no change to the method and amount of the assessment for the PHBID for the next fiscal year FY 2024-25.

The amount of any surplus or deficit revenues to be carried over from a previous fiscal year to the next fiscal year, FY 2024-25, is approximately \$68,000.

No contributions from sources other than assessments levied are expected.